

The RWC logo is positioned in the top right corner of the page. It consists of the letters 'RWC' in a bold, black, sans-serif font, set against a white rectangular background.

RWC

The 'Western Sydney Insights' logo is located in the lower-left quadrant of the page. It features the words 'WESTERN SYDNEY INSIGHTS' in a white, sans-serif font. The letter 'S' in 'SYDNEY' is highlighted in yellow. The text is overlaid on a dark grey semi-transparent banner that also contains the main title.

WESTERN **S**YDNEY INSIGHTS

The main title 'NSW Block of Units' is centered in the lower half of the page. It is written in a large, white, serif font and is set against a dark grey semi-transparent banner that spans the width of the page.

NSW Block of Units

ISSUE 5

RWC WESTERN SYDNEY

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Executive Summary

The NSW block of unit market has proven itself as an investment powerhouse throughout 2024-2025, rebounding from a slow start to 2025, recording \$284.1 million in sales through to 1 November across 48 transactions.

This strong performance, closely tracking 2024's full year result of \$300.6 million, demonstrates unwavering investor appetite despite stabilising interest rates and a challenging economic backdrop.

Geographic investment patterns reveal evolving strategic thinking among buyers. Eastern Suburbs has emerged as the clear leader, capturing more than a quarter of all 2025 sales at \$75.9 million, driven by premium asset quality and short term letting potential. Western Sydney continues its appeal, accounting for 21.8% of total volume (\$62 million), as investors recognise the region's compelling combination of stronger yields, affordability advantages, and sustained population growth. Regional assets have returned to historical norms at 10.2% of volume, indicating selective investor appetite beyond metropolitan boundaries.

A defining characteristic of 2025 has been the emergence of private buying groups and syndicates, notably in the sub \$5 million price point, marking a sophisticated evolution in investment strategies. These groups target properties with immediate cash flow uplift potential through minimal refurbishment and re-leasing, moving away from traditional strata subdivision strategies. Alternative income approaches, including short term letting in premium locations, have also gained traction.

Sydney's rental and vacancy markets continue to reflect stark affordability pressures. While inner Sydney's vacancy rate has risen to 2.3%, middle and outer rings maintain tighter conditions at 1.4% and 1.7% respectively, supporting sustained rental growth. Median unit rents reached \$735 per week in October 2025, representing 4.3% annual growth. Particularly notable is the exceptional performance of outer ring two-bedroom units, surging 16.4% over two years as tenants prioritise space and affordability through increased household sharing arrangements.

Investment yields for blocks of units across NSW span a wide spectrum from 2.77% to 5.54%, averaging 4.84%. This range reflects diverse investment strategies, from land banking plays in Transit Oriented Development precincts accepting lower current returns for future redevelopment upside, to cash flow optimisation through under rented assets and short term letting opportunities. The yield stability despite ongoing capital appreciation demonstrates the asset class's defensive characteristics and ability to deliver attractive total returns.

The competitive environment has intensified, with limited quality stock driving buyers to act swiftly through off-market or pre-auction purchases. The average transaction size of \$5.9 million and per-unit value of \$759,874 evidence of continued value growth.

If you'd like to discuss this report in more detail, we would be delighted to engage in a conversation with you.



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Block of Units

Key Statistics

TOTAL SALES TRANSACTIONS



SALES TRANSACTIONS

2023	\$239.1M
2024	\$300.6M
2025	\$284.1M* to 1 November

AVERAGE TRANSACTION SIZE: \$5.9M

NSW GROSS YIELD RANGE: 2.8% - 5.5%

2.3%

SYDNEY TOTAL VACANCY

1.4%

MIDDLE RING VACANCY

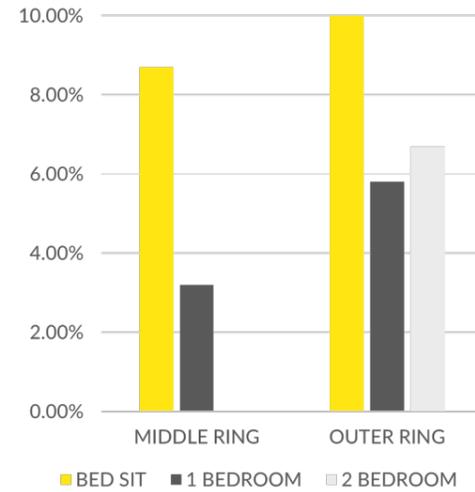
1.7%

OUTER RING VACANCY

SOURCE: REINSW (SEPTEMBER 2025)

% ANNUAL GROWTH IN AVERAGE UNIT RENTS

% ANNUAL GROWTH



% ANNUAL GROWTH IN AVERAGE MIDDLE RING UNIT RENTS

(3 YEAR ANNUAL AVERAGE)

BED SIT	8.7% (17.2%)
1 BEDROOM	3.2% (13.3%)
2 BEDROOM	0.0% (13.3%)

SOURCE: FACS INSIGHTS (JUNE 2025)

% ANNUAL GROWTH IN AVERAGE OUTER RING UNIT RENTS

(3 YEAR ANNUAL AVERAGE)

BED SIT	10.0% (12.5%)
1 BEDROOM	5.8% (11.4%)
2 BEDROOM	6.7% (12.1%)

SOURCE: FACS INSIGHTS (JUNE 2025)



5.8% - 5.9%
INTEREST INVESTMENT ONLY RATES

SOURCE: RBA (FEBRUARY 2025)



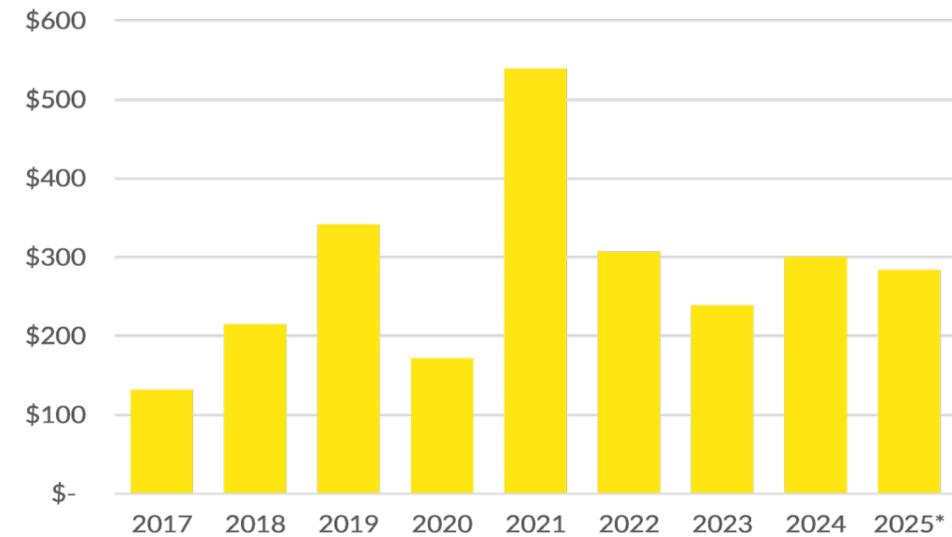
Investment Momentum Sustained Despite *Rate Stabilisation*

After a slow start to 2025, the NSW block of unit market has rebounded strongly, with transaction volumes through to 1 November reaching \$284.1 million across 48 sales. This performance puts the market on track to match 2024's full year result of \$300.6 million, demonstrating remarkable investor appetite despite stabilising interest rates and limited quality stock availability.

METROPOLITAN DOMINANCE WITH STRATEGIC REGIONAL PRESENCE

Transaction patterns in 2025 reveal a clear preference for metropolitan assets, with regional sales representing just 10.2% of total volume. Eastern Suburbs has emerged as the standout performer, accounting for more than a quarter of all sales at \$75.9 million. Western Sydney continues to attract significant investor interest at 21.8% of volume (\$62 million), driven by stronger yields and relative affordability. Inner Sydney has shown consistent activity, with well-maintained older style blocks in the \$3 to 7 million range proving particularly attractive for their quality and future redevelopment potential.

NSW BLOCK OF UNIT TRANSACTION VOLUME



SOURCE: RWCWS *2025 REPORTED TO 1 NOVEMBER

NEW INVESTMENT STRATEGIES EMERGE

A notable trend in 2025 is the formation of private buying groups and syndicates targeting quality cash flow opportunities. These sophisticated buyers focus on under rented assets with uplift potential through minimal refurbishment and re-leasing, rather than traditional strata subdivision strategies. In premium locations like the Eastern Suburbs, investors are increasingly exploring short term letting through platforms like Airbnb, where beach proximity commands higher daily rates and substantially elevated returns despite increased management costs.

Limited quality stock has created highly competitive conditions, with buyers often acting quickly through off-market or pre-auction purchases. The average transaction size of \$5.9 million and per-unit value of \$759,874 demonstrates continued value growth, while tight supply from long term holders maintains upward pressure across metropolitan markets.

"Private syndicates are redefining block of unit investment strategies, targeting under rented Eastern Suburbs and Western Sydney assets for cash flow enhancement through short term letting and minimal refurbishment rather than traditional strata subdivision plays."

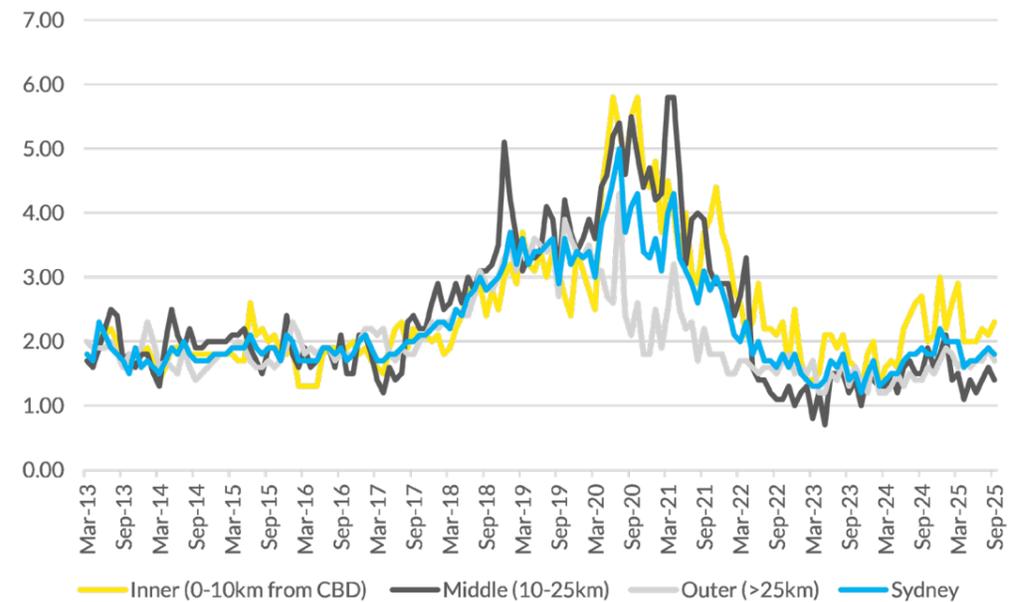
Residential Vacancy Rates in the West *Continue to Outperform*

Sydney's residential vacancy landscape has stabilised throughout 2025, with September data showing notable variations across regions. After the sharp increases seen in inner Sydney throughout 2024, vacancy rates have moderated, with the inner ring (0-10km from CBD) sitting at 2.3% in September 2025, while middle (1.4%) and outer rings (1.7%) maintain tighter conditions below the broader Sydney average of 1.8%.

AFFORDABILITY PRESSURES RESHAPE RENTAL PATTERNS

The divergence in vacancy rates reflects ongoing affordability pressures forcing tenants to migrate outward. Middle and outer ring markets continue to attract residents seeking more affordable accommodation, with these areas consistently performing below Sydney's average. This pattern is particularly evident in Western Sydney, where population growth continues to outpace housing supply, keeping vacancy rates compressed despite overall market conditions easing slightly.

SYDNEY RESIDENTIAL VACANCY RATES (%)



SOURCE: REINSW

SUPPLY CONSTRAINTS INTENSIFY AMID INVESTOR EXITS

Despite vacancy rates, the rental market faces mounting pressure from limited housing supply. Construction delays, elevated costs, and the drawn out approval processes continue to restrict new dwelling additions. More recently, an increase in residential property listings across the state has emerged, with investors one owner group looking to capitalise on strong capital growth achieved over recent years. This trend, while providing short term transaction opportunities particularly for the first home buyer segment, further reduces available rental stock as properties transition between owners or undergo renovations, intensifying pressure on an already constrained market.

For block of unit investors, these dynamics create a compelling environment. Sustained low vacancy rates in middle and outer rings support strong rental returns, while the ongoing supply-demand imbalance underpins continued capital appreciation prospects, particularly in Western Sydney's high growth corridors.

"Affordability driven tenant migration keeps middle and outer ring vacancy rates below Sydney averages, while investor exits to capture capital gains paradoxically tighten rental supply further."

Residential Rental Growth Maintains Momentum

Sydney's unit rental market continues its upward trajectory, with median weekly rents reaching \$735 in October 2025, maintaining steady growth momentum throughout the year. This represents a 4.3% increase over the last year, demonstrating the persistent strength of rental demand despite interest rate stabilisation and broader economic uncertainties.

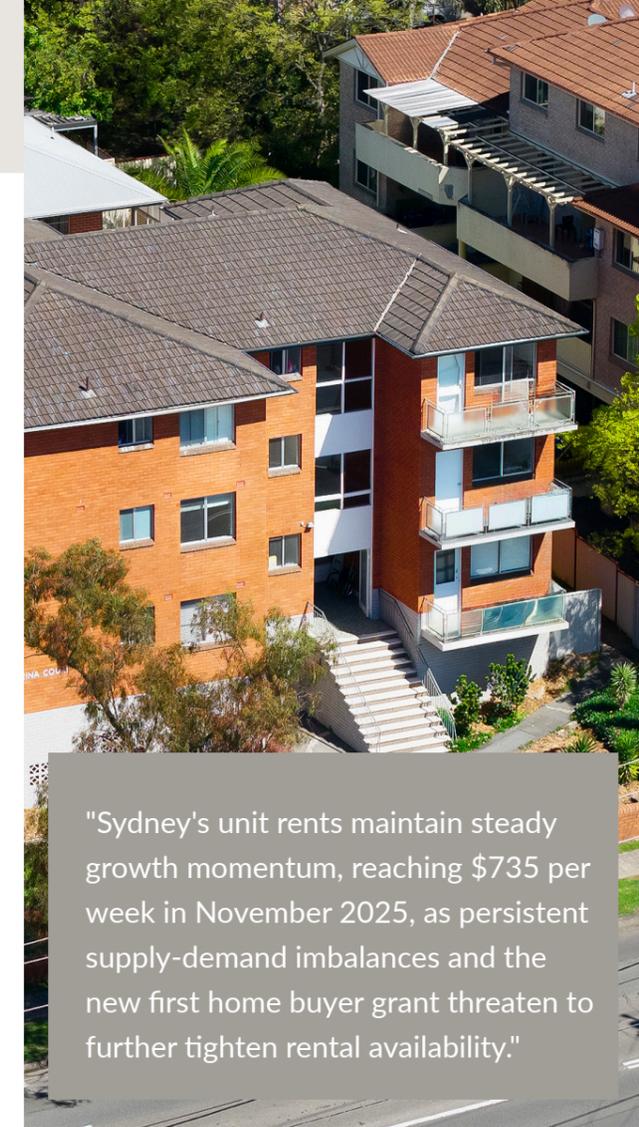
SUSTAINED GROWTH REFLECTS SUPPLY-DEMAND FUNDAMENTALS

The consistent rental growth throughout 2025 underscores the ongoing imbalance between housing supply and demand across Sydney. After the sharp increases experienced in 2022-2023, the market has settled into a more moderate but sustained growth pattern, with rents climbing steadily from \$700 in early 2024 to current levels above \$735. This trend reflects broader market dynamics affecting the entire unit sector.

AFFORDABILITY PRESSURES PERSIST

Despite the more moderate growth rate compared to previous years, affordability challenges continue to intensify for renters. The cumulative impact of sustained rental increases over recent years, combined with limited new housing supply and ongoing population growth, particularly in Western Sydney, keeps upward pressure on rents. The introduction of the 5% first home buyer grant is expected to further stimulate the lower price point housing market, potentially reducing rental supply however, we may see more tenants transition to homeownership.

For block of unit investors, this environment of sustained rental growth, combined with tight vacancy conditions in middle and outer rings, continues to support strong income returns and capital appreciation prospects.



"Sydney's unit rents maintain steady growth momentum, reaching \$735 per week in November 2025, as persistent supply-demand imbalances and the new first home buyer grant threaten to further tighten rental availability."

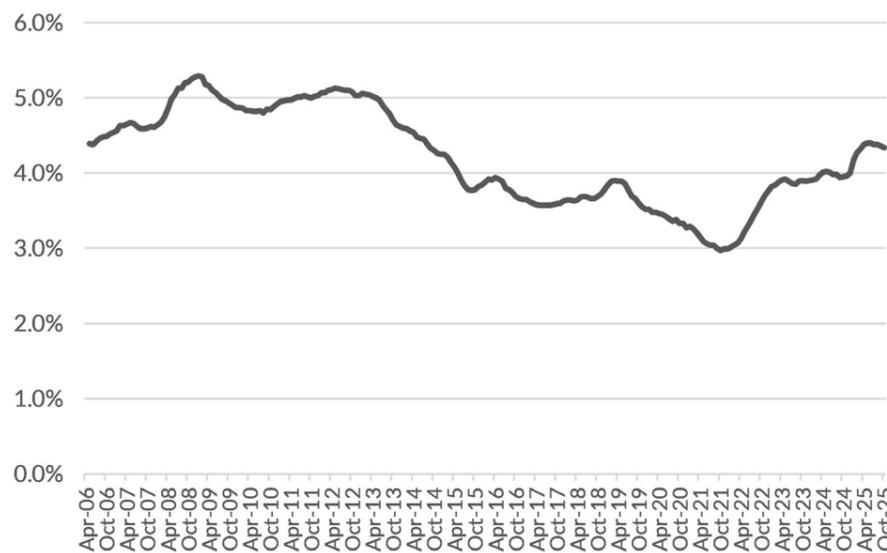
GREATER SYDNEY RENTS UNITS, \$/WEEK



SOURCE: COTALITY

Unit Yields Reflect *Rental Strength and Value Growth*

GREATER SYDNEY YIELDS, UNITS



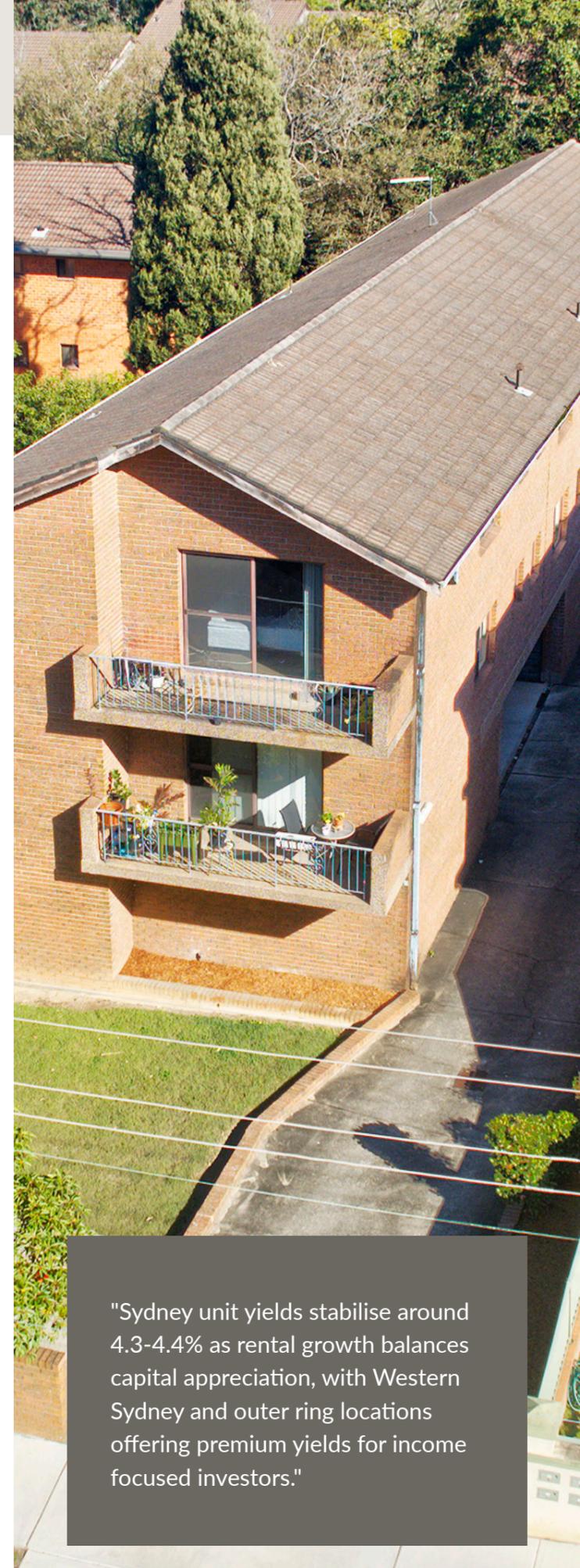
SOURCE: COTALITY

Sydney's unit yields have demonstrated notable stability throughout 2025, sitting around 4.3-4.4% after the compression experienced during 2023-2024. This stabilisation reflects the balancing act between sustained rental growth and continued capital value appreciation across the broader unit market, providing important context for understanding investment returns in the current environment.

YIELD DYNAMICS SHAPED BY DUAL VALUE DRIVERS

The steadier results seen throughout 2025 indicates that rental growth and capital value increases have moved largely in tandem. After falling to lows of approximately 3.9% in mid-2024 as capital values surged ahead of rental increases, yields have recovered modestly as rental growth has maintained momentum. This pattern demonstrates the market's ability to sustain investor returns despite challenging economic conditions and elevated interest rates.

The yield recovery from mid-2024 lows is particularly significant, suggesting that rental growth has accelerated relative to capital value increases. This shift benefits income focused investors who have seen their returns improve throughout 2025, even as property values continue to appreciate. The current yield environment of 4.3-4.4% compares favourably to other property investment options and provides a solid foundation for total returns when combined with ongoing capital growth.

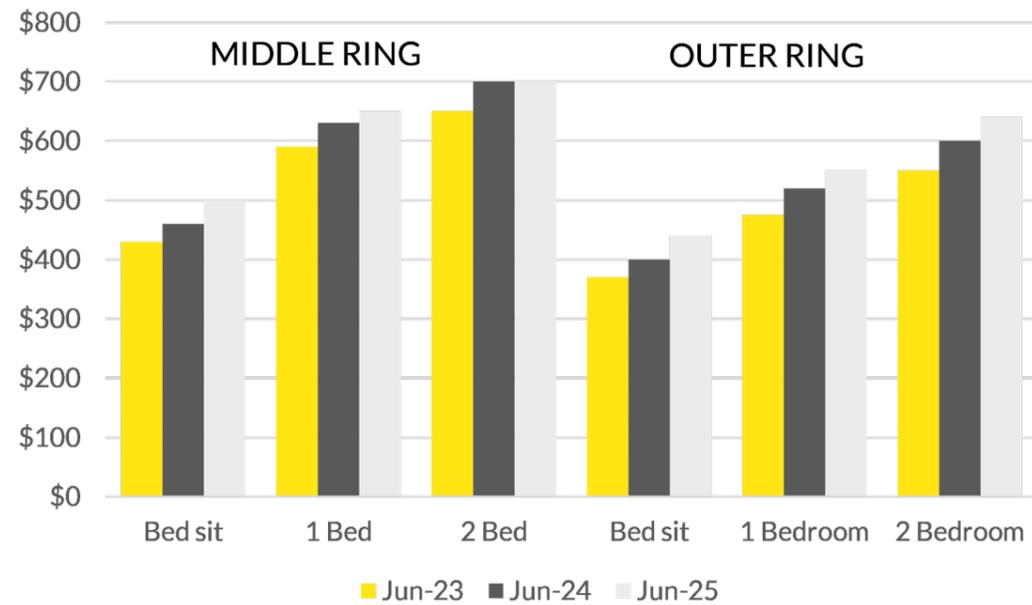


"Sydney unit yields stabilise around 4.3-4.4% as rental growth balances capital appreciation, with Western Sydney and outer ring locations offering premium yields for income focused investors."

Affordability Drives Tenant Migration and Household Sharing

GREATER SYDNEY MEDIAN UNIT RENTS

BY SIZE AND RING, \$/WEEK



SOURCE: FACS INSIGHTS

Sydney's rental market reveals significant shifts in tenant behaviour and location preferences, with affordability pressures driving notable changes across unit sizes and geographic rings. The June 2025 data demonstrate how renters are adapting to sustained high rental costs through strategic location choices and increased household sharing arrangements.

OUTER RING TWO-BEDROOM UNITS LEAD GROWTH

The most striking trend is the exceptional performance of outer ring two-bedroom units, which have grown 16.4% over two years to reach \$640 per week. This significantly outpaces middle ring two-bedroom growth of 7.7% (\$700/week), suggesting a clear migration pattern as tenants seek more spacious accommodation in affordable locations. The strong demand for larger units in outer areas indicates increased household sharing, with multiple tenants or families choosing space over proximity to the CBD.

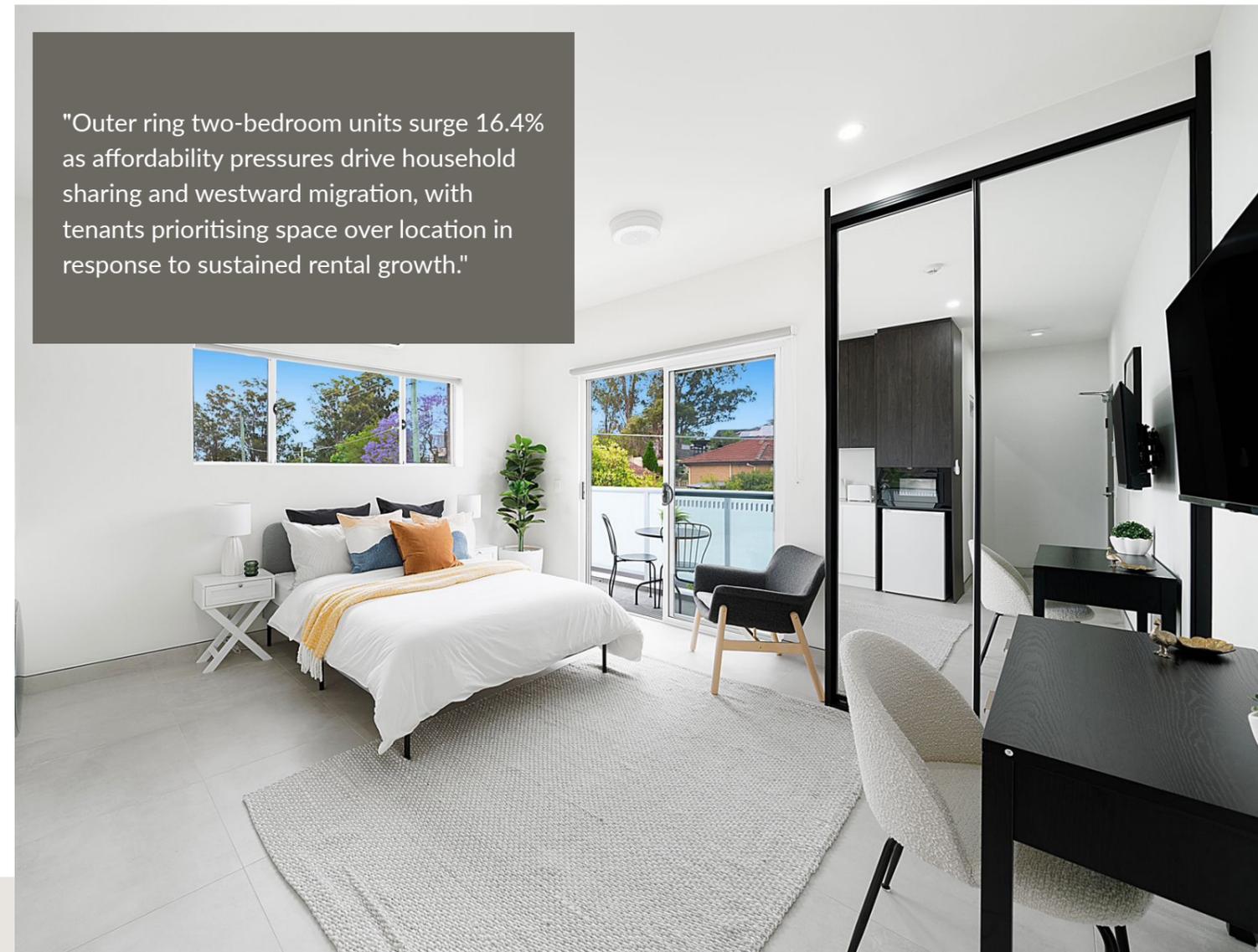
BEDSIT RENTALS SHOW DIVERGING PATTERNS

Middle ring bedsit accommodations have surged 51.5% over three years to \$500/week, reflecting tight supply and strong demand for affordable single occupancy options in accessible locations. In contrast, outer ring bedsits show more moderate growth at 37.5% (\$440/week), though annual growth of 10% demonstrates sustained demand. These patterns suggest renters face difficult trade-offs between location convenience and affordability.

WESTERN SYDNEY'S AFFORDABILITY ADVANTAGE

The rental differentials between middle and outer rings highlight Western Sydney's growing appeal, as affordability conscious tenants continue migrating westward. This trend, combined with one-bedroom units showing solid growth in both rings (10.2% and 15.8% over two years respectively), underscores the persistent demand across all accommodation types in more affordable locations.

"Outer ring two-bedroom units surge 16.4% as affordability pressures drive household sharing and westward migration, with tenants prioritising space over location in response to sustained rental growth."



Investment Yield

Yield Spectrum Reflects *Diverse Investment Strategies*

Block of unit investment yields in 2025 have maintained a broad range of 2.77% to 5.54% across the State, with the average sitting at 4.48%. This wide spectrum reflects the diverse nature of assets transacting and the varying investment strategies driving buyer decisions, from pure cash flow plays to long term land banking opportunities with significant redevelopment upside.

ASSET CHARACTERISTICS DRIVE YIELD VARIATIONS

The yield range is largely determined by asset specific characteristics and future potential rather than market wide forces. At the lower end of the spectrum, premium assets in established locations with large land parcels, particularly in Transit Oriented Development (TOD) precincts, command lower yields due to their substantial redevelopment potential. These properties appeal to investors pursuing land banking strategies, accepting modest current returns in exchange for significant future development upside as planning controls evolve and density increases are permitted.

Similarly, many lower yielding assets typically feature under rented units offering immediate income enhancement opportunities. Many

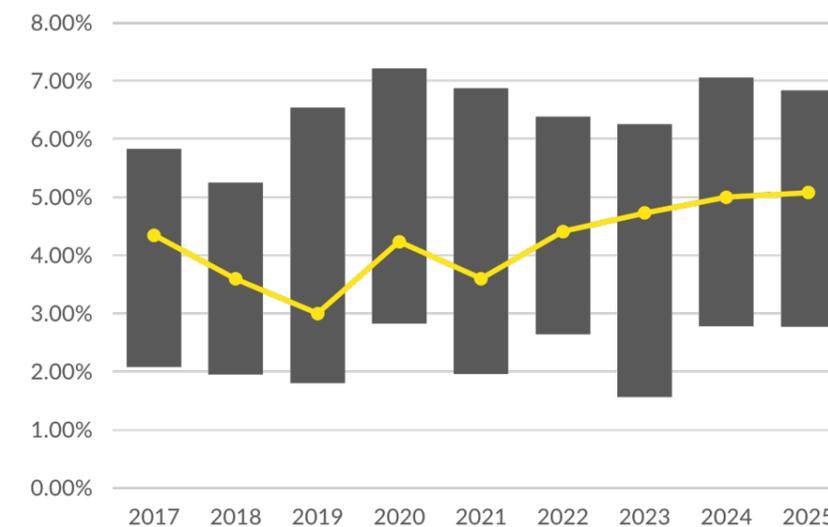
long term held properties have rents significantly below current market rates, creating value-add potential through minimal refurbishment and systematic re-leasing. Savvy investors targeting these opportunities can achieve immediate yield improvements of 50-100 basis points or more through active asset management.

CASH FLOW OPTIMISATION STRATEGIES

The 2025 market has seen increased focus on cash flow optimisation, with investors exploring multiple strategies to enhance returns. Short term letting through platforms like Airbnb has gained traction, particularly for well located Eastern Suburbs properties near beaches, where daily rates can substantially exceed traditional long term rental income. While requiring higher management intensity and maintenance costs, these strategies can push effective yields well above the market average for appropriately positioned assets.

The average yield of 5.08% represents a modest increase from 2024's 5.00%, this stability, combined with the diverse opportunity set across the yield spectrum, continues to attract both income focused investors and those pursuing strategic land banking positions in high growth corridors.

NSW BLOCK OF UNIT GROSS YIELD RANGE



SOURCE: RWCWS *2025 REPORTED TO 1 NOVEMBER

"Block of unit yields reflect variations in metropolitan and regional locations together with diverse investment strategies from land banking in TOD precincts to cash flow optimisation through under rented assets and short term letting opportunities."



Outlook

The block of unit market approaches 2026 with strong fundamental support and evolving investor sophistication that positions the asset class favourably despite ongoing economic uncertainties.

Transaction activity is expected to maintain current momentum, with the \$284.1 million recorded through November 2025 suggesting full year volumes will closely match or slightly exceed 2024 levels. The geographic focus on Eastern Suburbs and Western Sydney reflects a maturing understanding of value drivers, with the former offering premium pricing and alternative income strategies, while the latter provides yield advantages and population growth tailwinds. Regional investment appetite will likely remain selective, concentrated in assets offering exceptional value or unique characteristics.

EMERGING INVESTMENT STRATEGIES AND IMPROVED FINANCING

The private syndicate trend represents a fundamental shift in how investors approach block of units and is expected to accelerate. As quality assets become increasingly scarce, pooling capital allows access to premium opportunities previously beyond individual investor reach. This particularly benefits the \$3 to \$7 million inner Sydney market, where syndicates can acquire well maintained older buildings with both current cash flow and future redevelopment potential.

Interest rate stabilisation, following cuts earlier in 2025, creates a favourable financing environment. While the cutting cycle looks to have ended for 2025, the current level of 5.8% - 5.9% for investment loans remains manageable and significantly improved from 2024 peaks. The widening gap between yields (averaging 5.08%) and borrowing costs improves cash flow positions, particularly benefiting investors who acquired assets during the 2023-2024 higher rate period.

REGIONAL DYNAMICS AND RENTAL PATTERNS

Rental markets will continue their bifurcation, with outer ring locations showing the strongest growth potential for two-bedroom configurations as household sharing becomes increasingly prevalent. The 16.4% growth over two years signals a sustained trend. Western Sydney's sustained lower vacancy rates (1.7% versus 2.3% Sydney-wide), combined with continued population



concentration and infrastructure development, creates a compelling case for capital allocation. Properties in TOD precincts offer particular upside, balancing current income returns with significant long term redevelopment potential.

Short term letting strategies will gain further traction where regulations permit, particularly in some inner locations including the Eastern Suburbs properties. The fundamental drivers, population growth outpacing housing supply,

sustained rental demand, and limited quality asset availability, remain firmly intact, ensuring favourable conditions will persist throughout 2026 and beyond.



PETER VINES
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OUR OFFICE

With a strong foundation of experience and expertise, we bring a winning combination of dynamism and operational rigour to the commercial agency space.

Our People are
Your Advantage.

SALES



PETER VINES
Managing Director



JOSEPH ASSAF
Director



VICTOR SHEU
Director



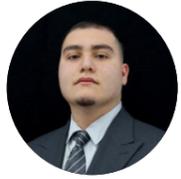
TROY WANG
Sales Executive



OWEN WHITE
Sales Executive



ANDREW SACCO
Sales Executive



ALI KHEIR
Sales Executive



MARCUS AUDDINO
Sales Executive



LEIGHTON GIBBS
Sales Associate



ALEX EL HAZOURI
Sales Associate



MARCUS TOLE
Property Analyst



CHRISTIAN FINIANOS
Property Researcher



CHANTEL BRILLANTES
Marketing & Design



MONH LY
Campaign Manager

*Who we are,
what we do,
why we do it*



LEASING



ROBERT NAPOLI
Senior Leasing Executive



SAMUEL GONG
Senior Leasing Executive

ASSET MANAGEMENT



JOYCE ELKOUBERCI
Director



CALLUM MCKAY
Asset Manager



ADRIAN HARB
Asset Manager



ANNIKA WARD
Asset Manager



MARCUS FUNG
Asset Manager



HARRY LAHOOD
Asset Manager



ZEINA TAJIK
Accounts

OPERATIONS



RUBY ROZENTAL
Director of Strategy



HANNAH CARNEY
Director of Operations



PAULINE WATERFORD
Finance Manager



CHRISTIAN BRILLANTES
Office Manager



MICHAELA HEYS
Administrative Assistant

PROJECTS



MARK BERNBERG
Managing Director



NATASHA SANDERS
Sales Executive



SHANI FERDMAN
Sales Associate



BETTY NGUYEN
Marketing Coordinator

The logo consists of the letters 'RWC' in a bold, italicized, sans-serif font, centered within a white square.

RWC

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